

instituted on this policy without the approval of the Department in 1986 and 1991. A 50% rate increase was implemented on this policy in 1986, and a rate increase of 40% was implemented in 1991. There is no record of either rate increase having been filed or approved by the Department.

The Department believes that Provident's actions constitute a violation of S. C. Code Ann. § 38-71-310 (Supp. 1996) which provides that "no premium rates applicable to accident policies, health policies, or combined accident and health policies or certificates for individual or family protection may be used until they are filed with the Department and approved by the director or his designee." Provident disputes that these rate increases were unauthorized, but is unable to produce documentation evidencing the approval of the rate increase implemented in 1986 or 1991 for policy form #H361GC. Provident has indicated that it believes this information could have been misplaced during a recent move. Provident cooperated with the Department's investigation and worked with the Department to expeditiously resolve this matter.

Therefore, prior to the initiation of formal administrative proceedings against Provident, it agreed with the Department to compromise and settle this matter by waiving any rights it may have had to a public hearing, and by submitting this matter to me along with their specific recommendation for my summary decision. That consensual recommendation was that Provident would immediately submit an administrative fine in the total amount of Twenty Thousand Dollars (\$20,000.00) to the Department for these violations. Moreover, Provident, agreed that it would submit the unapproved increases to this Department for review and approval, and that it would use the rate increase last approved by the Department until such approval was given. Additionally, Provident has agreed to resolve the issue of premium overcharges with policyholders affected by these unapproved rate increases. Provident has agreed to negotiate a settlement of, and to reimburse

the policyholders the amount of premium overcharges which is acceptable to the affected policyholder(s). Provident will notify the Department when it has reached a settlement with the policyholder(s).

After carefully considering the recommendations of the parties, and pursuant to the discretionary authority provided to me by the State of South Carolina General Assembly within S.C. Code Ann. § 38-2-10 (Supp. 1996) and S. C. Code Ann. § 38-5-130 (Supp. 1996), I hereby accept the recommendation of the parties and impose an administrative fine in the total amount of Twenty Thousand Dollars (\$20,000.00). This fine has been reached by the parties as a result of negotiation and compromise, and in consideration of Provident's cooperation with this investigation and its assurance that it will comply with all South Carolina insurance laws including, but not limited, to the provisions relating to rate increases.

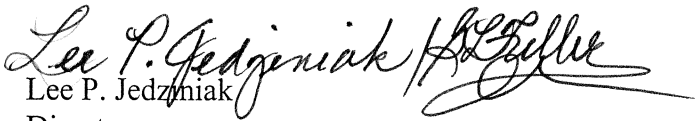
By its signature upon this Consent Order, Provident acknowledges that it understands the terms and conditions of this order and that this administrative disciplinary Order is a public record subject to the disclosure requirements of the State of South Carolina's Freedom of Information Act, S.C. Code Ann. § 30-4-10, et seq. (1991).

Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 1996), of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement

officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report.”

It is therefore ordered that Provident shall pay, through the State of South Carolina Department of Insurance, an administrative fine in the total amount of Twenty Thousand Dollars (\$20,000.00). The monetary penalty must be paid within fifteen (15) days of my date and signature upon this Consent Order Imposing Administrative Fine.

It is further ordered that a copy of this Consent Order Imposing Administrative Fine shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.



Lee P. Jedziniak
Director

October 7, 1997, at
Columbia, South Carolina.

I CONSENT:



AUTHORIZED REPRESENTATIVE
Provident Mutual Life Insurance Company of Philadelphia



TITLE

Provident Mutual Life Insurance Company
of Philadelphia
1050 West Lakes Drive
Berwyn, Pennsylvania 19312.

Dated this 7 day of October, 1997.